



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

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Bulletin 8-96

December 31, 1996

**RULE AND REGULATION 12, "CREDIT LIFE AND
DISABILITY INSURANCE; COMPENSATION TO SUCCESSORS
IN INTEREST"**

Despite the clear intent of Regulation 12 and its accompany Bulletins, several instances may exist which may result in a producing agent receiving monies or other value in excess of the maximum 40% commissioner rate allowed by law.

This office has made it clear that a "successors in interest" scenario cannot exist in a situation where a reinsurer or insurer reacquires stock from a previously registered account and such stock is later reissued. A "successor in interest" is limited to a situation where the new account through purchase, gift, devise or otherwise is operating substantially the same business in the same location.

A ceding insurer will be subject to a reduction in rates and refunds if a producing agent receives compensation in excess of the maximum 40% commission rate allowed by law.

A producing agent in violation of the provisions of Regulation 12 commission limits is subject to revocation or suspension of his or her license and possible criminal sanctions if the "Certificate of Credit Life Insurance Agent" filed every April 1 with office contains any information which is false or misleading I any material respect. This is a felony under A.C.A. Section 23-60-109 and subjects an individual to a possible \$5,000 fine, 3 years in prison, or to both a fine and imprisonment.

Direct your inquiries or requests for Rule and Regulation 12, "Credit Life and Disability Insurance: Compensation to Successors in Interest" to Robert D. Ridgeway, Jr., Legal Division, at (501) 371-2820.

Lee Douglass
INSURANCE COMMISSIONER